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C O N F I D E N T I A L SECTION 01 OF 02 ROME 001228

SIPDIS

EUR/WE FOR R. SURAMPUDI
ISN/CPI FOR K. MCGEEHAN
PLEASE PASS TO APPROPRIATE CONTACTS IN T, NEA, INR AND
TREASURY

E.O. 12958: DECL: 11/02/2019

TAGS: EFIN ETTC KNNP IR IT

SUBJECT: ITALY/IRISL: GOI TO CONSIDER SUPPORTING BRITISH
BAN ON PROTECTION AND INDEMNITY COVERAGE

REF: SECSTATE 108151

Classified By: Acting Deputy Chief of Mission Frank Ledahawsky
for reasons 1.4 (b) and (d)

¶1. (SBU) SUMMARY: A senior official from the Italian Ministry of Economics and Finance (MEF) responded favorably to our request that the GOI support the British ban on providing insurance coverage to IRISL vessels, saying that at an upcoming interagency meeting he would support issuing a warning to Italian commercial insurers. A senior official from the Ministry of Foreign Affairs (MFA) also supported consideration of the USG request at the meeting, but stated that it might be difficult for the GOI to take decisive action in the absence of EU guidance. END SUMMARY

¶2. (SBU) On October 22, A/ECMIN met with Giuseppe Maresca, Director General, Financial Crimes Division, Ministry of Economics and Finance to solicit GOI support for the recent British ban on providing Protection and Indemnity (P&I) services to IRISL vessels (reftel). Maresca noted that Italian insurers had already been warned against offering P&I services to the Iranian shipping firm following a request conveyed some time ago by US Treasury U/S Levey. Post asked Maresca to consider issuing a new warning to commercial insurers, making specific mention of the British action and advising public entities of the possibility that IRISL might now seek support from Italian institutions. Maresca seemed quite willing to issue this new warning.

¶3. (SBU) Maresca stated that he will ensure that our request is on the agenda at an upcoming GOI Interagency Financial Security committee and indicated he would encourage support for the British ban by warning Italian firms to refrain from offering P&I services to IRISL.

¶4. (C) A/ECMIN then attempted to engage Maresca in a discussion about Fratelli Cosulich and, specifically, about IRITAL the Cosulich joint venture with IRISL. While Maresca was aware of the joint venture, he tried to avoid this discussion by claiming that this was a matter for the Ministry of Foreign Affairs (MFA). However, A/ECMIN was able to give Maresca the following background information on the Cosulich/IRITAL situation.

¶5. (C) Background: In the Fall of 2008, after the USG designated IRISL and 18 of its subsidiaries under Executive Order (E.O.) 13382, the GOI became concerned that Italian firms shipping with IRISL would be subject to sanctions. Claudio Spinedi, Deputy Director General for Multilateral Economic and Financial Cooperation, Ministry of Foreign Affairs, told the Embassy at that time that Italy would not go beyond the EU common position on sanctions against IRITAL and expressed his disapproval of the USG position. However,

based on the designation of IRISL, we suggested to the MFA that Cosulich should divest its interest in IRITAL and, in January 2009, the MFA reported to us that Cosulich would sever ties with the Iranians within one month, due to GOI "moral suasion." At the same time, the MFA asked post not/not to talk directly with Cosulich but to leave all direct communication with the shipping firm to the Italian government. On October 8, we learned that Cosulich continues to maintain an ongoing relationship with IRITAL and has no/no intention of divesting their interest.

¶6. (C) In concluding the meeting, Maresca seemed to understand our concern and agreed to raise this issue at the Interagency Financial Security committee meeting.

¶7. (SBU) On October 27, A/ECMIN met with MFA Dep DG Spinedi to solicit additional support for the British P&I ban. (note: Spinedi will also attend the Interagency Financial Security committee meeting and, he too, will raise the issue). Spinedi stated that the committee will decide whether or not to warn Italian companies against offering P&I services to Iranian vessels but that it will be difficult for the GOI to take any decisive action absent legal direction from the EU. He also expressed doubt that there are any Italian firms who could step into the gap created by the British ban.

¶7. (C) A/ECMIN asked Spinedi why Fratelli Cosulich continued to maintain a joint venture with IRISL and was told that "tax issues" with Italian Customs had prevented the shipping firm from divesting its interest in IRITAL. Spinedi was not prepared to elaborate and it appears that for all the MFA's claims of "moral suasion" Cosulich will not divest until

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forced to do so.

¶8. (SBU) The British Embassy in Rome has expressed its gratitude for our efforts in support of the British P&I ban. The British were not aware of the Cosulich connection with IRISL and stated that they didn't know whether the P&I ban applied to subsidiaries of IRISL.
THORNE